

State of New Mexico
Energy, Minerals and Natural Resources Department

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David R. Catanach, Division Director
Oil Conservation Division



June 27, 2017

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER

Administrative Order PLC-476
Administrative Application Reference No. pKSC1715647832

DEVON ENERGY PRODUCTION COMPANY, L P
Attention Ms Erin Workman

Pursuant to your application received on June 5, 2017, Devon Energy Production Company, L.P. (OGRID 6137) is hereby authorized to surface commingle oil and gas production from the following pools located in Section 10, Township 25 South, Range 31 East, NMPM, Eddy County, New Mexico;

COTTON DRAW; DELAWARE SOUTH (O) (96757)
PADUCA; BONE SPRING (O) (96641)

and from the following diversely owned federal wells and leases in said Section, Township, and Range in Eddy County, New Mexico

Lease: Federal Communitization Agreement CA NMNM 128656
Description: W/2 E/2 of Section 10, Township 25 South, Range 31 East, NMPM
Well: Cotton Draw 10 Federal Com Well No. 1H API 30-015-39229
Pool: Cotton Draw, Delaware South (O)

Lease: Federal Communitization Agreement CA NMNM 128657
Description: E/2 E/2 of Section 10, Township 25 South, Range 31 East, NMPM
Well: Cotton Draw 10 Federal Com Well No. 2H API 30-015-39230
Pool: Cotton Draw; Delaware South (O)

Lease: Federal Communitization Agreement CA NMNM 134185
Description: W/2 E/2 of Section 10, Township 25 South, Range 31 East, NMPM
Wells: Cotton Draw 10 Federal Com Well No 3H API 30-015-42126
Pool: Paduca; Bone Spring (O)

Lease Federal Communitization Agreement CA NMNM 134188
Description E/2 E/2 of Section 10, Township 25 South, Range 31 East, NMPM
Wells Cotton Draw 10 Federal Com Well No 4H API 30-015-42127
Pool Paduca, Bone Spring (O)

The combined project area for these wells include the E/2 of Section 10, Township 25 South, Range 31 East, NMPM, Eddy County, New Mexico

The commingled oil and gas production from the wells detailed above shall be measured and sold at the Cotton Draw 10 Federal Com Well No 2H Central Tank Battery (CTB), located in Unit A, Section 10, Township 25 South, Range 31 East, NMPM, Eddy County, New Mexico

Production from the subject wells shall be determined as follows

The oil and gas production from the Cotton Draw 10 Federal Com Well No 3H and Cotton Draw 10 Federal Com Well No 4H well shall be continuously metered before commingling

The oil and gas production for the Cotton Draw 10 Federal Com Well No 1H and Cotton Draw 10 Federal Com Well No 2H shall be allocated using periodic well testing. During testing, one well shall flow through the test separator, and the remaining well shall flow through the production separator. Gas production from the well flowing through the production separator shall be based on metered production at the Point of Royalty Measurement minus the metered production at the three other wells. For oil production, the well flowing through the test separator shall be based on metered production. The well being tested shall be based on the metered production from the two wells being continuously metered minus production from the production well. After the wells are measured, the production is commingled. Each well shall be tested monthly for a minimum of 24 hours.

It is understood that the test separator and meters are designed to accurately measure production from the well with the highest production rate. In addition, the hyperbolic behavior of the oil production from the Cotton Draw 10 Federal Com. Well No. 1H and Cotton Draw 10 Federal Com Well No 2H have stabilized into the Range 3 portion of the decline as described in Hearing Order R-14299, with a decline rate of less than 5 percent.

The allocation meters shall be calibrated quarterly in accordance with Rule 19.15.12 10.C (2) NMAC

Your application has been duly filed under the provisions of Division Rules 19 15 12 10 C (4) NMAC and 19 15.4.12 A (8) NMAC

Subsequently drilled wells that produce from the subject pool within the project areas approved by this order may be added to this commingling authority by submittal of a Sundry Notice to the Engineering Bureau in Santa Fe

The operator shall notify the transporter of this commingling authority

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The operator shall notify the Artesia District Office upon commencement of commingling operations

This approval is subject to like approval from the Bureau of Land Management before commencing commingling operations

DONE at Santa Fe, New Mexico, on June 27, 2017.



DAVID R. CATANACH
Director

DRC/mam

cc Oil Conservation Division District Office – Artesia
Bureau of Land Management – Carlsbad